



**BARNETT ACADEMY OF COLUMBUS EAST
FRANKLIN COUNTY**

**AGREED-UPON PROCEDURES
INITIAL/CLOSEOUT**

FOR THE YEAR ENDED JUNE 30, 2014



Dave Yost • Auditor of State

**BARNETT ACADEMY OF COLUMBUS EAST
FRANKLIN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report on Applying Agreed-Upon Procedures - Financial.....	1
Independent Accountants' Report on Applying Agreed-Upon Procedures - Closeout	7

THIS PAGE INTENTIONALLY LEFT BLANK



Dave Yost • Auditor of State

Board of Barnett Academy of Columbus East
Franklin County
471 East Broad Street, Suite 1800
Columbus, OH 43215

We have performed the procedures enumerated below, with which the Board of Directors, Sponsor, and the management of Barnett Academy of Columbus East (the Academy) agreed, solely to assist the Board in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the period of July 1, 2013 to September 30, 2014 and certain compliance requirements related to these transactions and balances. The Academy was closed effective September 30, 2014 in accordance with Ohio Rev. Code §3314.072(E)(1) after being unable to meet the terms of their suspension effective December 18, 2013. Management is responsible for recording transactions; and management, the Board, and the Sponsor are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash

1. We tested the mathematical accuracy of the February 28, 2014 bank reconciliation, as this was the final bank reconciliation prior to the Academy closing the bank account on March 21, 2014. We found no exceptions.
2. We agreed the totals per the bank reconciliation to the total of February 28, 2014 cash balances reported in the cash fund balance report. The amounts did not agree with a variance of \$15 between the bank reconciliation and the cash fund balance report.
3. We confirmed the February 28, 2014 and March 31, 2014 bank account balances with the Academy's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the February 28, 2014 and March 31, 2014 bank reconciliations without exception.

Foundation Cash Receipts

1. We selected all receipts from the Ohio Administrative Knowledge System (OAKS) covering the period.
 - a. For foundation receipts:
 - i. We compared the amount from the above report to the net amount on the Community School Foundation Statement of Settlement Report (the Settlement Report). The amounts agreed.

88 East Broad Street, Tenth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-3402 or 800-443-9275 Fax: 614-728-7199

www.ohioauditor.gov

Foundation Cash Receipts (Continued)

- ii. We compared the gross amount on the Settlement Reports to the amount recorded in the receipt ledger. The amounts agreed for all but one receipt (Receipt #00009), which was posted net of adjustments, for a variance of \$8,046.
- iii. We scanned the receipt ledger to determine whether it included one foundation payment each month for the months of July through October 2013. We noted the receipt ledger included one foundation receipt for each month.
- b. We determined whether these receipts were allocated to the proper fund. We found no exceptions.
- c. We determined whether the receipts were recorded in the proper period. We found no exceptions.

Debt

1. We inquired of management, and scanned the receipt and expenditure ledgers for evidence of debt issued or debt payment activity during the period. We noted no new debt issuances, nor any debt payment activity during the period.
2. We inquired of management if any "on behalf" of assistance was received from the sponsor or other stakeholders. No such assistance was noted.

Payroll Cash Disbursements

1. We haphazardly selected one payroll transaction from the detailed payroll register, for five employees from the period and:
 - a. We compared the hours and pay rate, or salary recorded in the detailed payroll register to supporting documentation (timesheet, teacher contract, etc.).
 - b. We determined whether the fund and account code(s) to which the transaction was posted were reasonable based on the employees' duties as documented in the employees' personnel files.
 - c. We determined whether the payment was recorded in the proper period.
We found no exceptions.
2. For all employees selected in step 1 we determined whether the following information in the employees' personnel files was consistent with the information used to compute gross and net pay related to this check:
 - a. Name
 - b. Authorized salary or pay rate
 - c. Fund(s) to which the check should be charged
 - d. Retirement system participation and payroll withholding
 - e. Federal, State & Local income tax withholding authorization and withholding
 - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions.

Payroll Cash Disbursements (Continued)

3. We scanned the last remittance of tax and retirement withholdings for the period to determine whether remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	1/31/2014	10/15/2013	\$3,729.45	\$3,729.45
State income taxes	2/28/2014	10/15/2013	\$1,048.96	\$1,048.96
Local income tax - Columbus	2/28/2014	10/15/2013	\$1,315.28	\$1,315.28
SERS Retirement	1/31/2014	10/15/2013	\$1,279.03	\$1,279.03
STRS Retirement	1/31/2014	10/15/2013	\$4,380.32	\$4,380.32

4. We confirmed that the Academy was current with their payments to the following retirement systems:
 - a. State Teachers Retirement System (STRS) – No exceptions were noted.
 - b. State Employees Retirement System (SERS) – No exceptions were noted.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the non-payroll expenditure ledger for the period and determined whether:
 - a. The disbursements were for a proper public purpose.
 - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the expenditure ledger and to the names and amounts on the supporting invoices.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used.

We found no exceptions.

2. We reviewed the final FTE evaluation performed by the Ohio Department of Education (ODE) and determined whether the proper remittance was made by the Academy to ODE, as applicable, and whether any significant issues were identified. We noted no exceptions.
3. We scanned the non-payroll expenditure ledger for the period to determine whether any unusual expenditures (i.e. expenditures other than expected salary payments, monthly utility expenses, monthly management company expenses, sponsor fees) were made after the suspension or closed date. We found no exceptions.

Compliance

1. We selected 15 students from the community school's withdrawal list to determine if the community school was in compliance with Ohio Rev. Code Sections 3313.64, 3314.03, and 3314.08:
 - a. Identified when students were withdrawn and determined whether it was timely.
 - b. Using grade records and/or attendance records, determined the last day students were reported as attending the community school.
 - c. If a student was reported absent for 105 consecutive hours, we determined the date the student should have been withdrawn.
 - d. We compared the dates determined in the steps above to the SOES or other student management database reports.
Student file information was not maintained for the Academy and therefore, we were unable to test parts a-d above.
 - e. We considered whether the number of reported students was reasonable considering the size of the facility. The number of reported students was reasonable.
2. We inquired of management if other student headcount lists exist that were prepared independently from those responsible for preparing the ADM counts. No other student headcount lists existed.
3. We selected 5 SSID's reported for FTE by the Academy and traced them back to supporting documentation that the student was, in fact, enrolled in the Academy (attendance records, grades, online learning hours, etc.). Student file information was not maintained for the Academy and therefore we were unable to test this requirement.
4. We compared estimated enrollment reported per the Foundation Settlement Statement in August, to the ODE Final Full Time Equivalent calculation in September. If significant variances were noted, we reviewed supporting documentation for when the Sponsor was informed of variances. We noted the Sponsor was informed.
5. We inquired with the Sponsor to determine whether the Sponsor met with the Board or Treasurer of the Academy and reviewed the financial and enrollment records of the Academy at least once every month in compliance with Ohio Rev. Code § 3314.023. No exceptions were noted.
6. We reviewed the compensation of the Board members for compliance with Ohio Rev. Code § 3314.02(E)(4) to ensure each Board member was not paid more than \$425 per meeting or a maximum of \$5,000 per year. We noted no exceptions.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Academy's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance, the Sponsor, and others within the Academy, and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

April 6, 2015

THIS PAGE INTENTIONALLY LEFT BLANK



Dave Yost • Auditor of State

Board of Barnett Academy of Columbus East
Franklin County
471 East Broad Street, Suite 1800
Columbus, OH 43215

We have performed the procedures enumerated below, with which the Board of Directors, Sponsor, and the management of Barnett Academy of Columbus East (the Academy) agreed, solely to assist the Ohio Department of Education (ODE) in evaluating whether the Academy completed the ODE Community School Closing Procedures for this Academy that closed effective September 30, 2014. Management is responsible for recording transactions; and management, the Board, and the Sponsor are responsible for complying with the Closing Procedure requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. In addition, we have audited, in accordance with standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Academy for the period of July 1, 2013 to September 30, 2014, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated April 6, 2015.

Ohio Revised Code Section 3314.015 (E) states the department (of education) shall adopt procedures for use by a community school governing authority and sponsor when the school permanently closes and ceases operation, which shall include at least procedures for data reporting to the department, handling of student records, distribution of assets in accordance with section 3314.074 of the Revised Code, and other matters related to ceasing operation of the school.

Ohio Department of Education, Community Schools Guidance Letter 2010-3 states sponsors must provide and execute a plan for an orderly wrap-up of a community school's affairs upon a permanent closure of a community school, preferably prior to the school closing its doors. A school is officially closed when instruction is no longer taking place and the governing authority or sponsor issues an official notice which states the date of the school's closure. The sponsor and a representative of the governing board are required to complete and sign the *Assurance to ODE Form*. The role of the sponsor in this process is to assure that the governing authority of the community school has taken required actions to properly address closing issues and/or to take those actions itself if the governing authority is no longer able or functioning. Inasmuch as a plan for school closure is a required part of the school's contract with the sponsor, final preparations as part of that plan should be in place prior to the last day students are in attendance.

Initial Notifications, Student Records and School Records

1. An Academy is officially closed when instruction is no longer taking place and the governing authority or sponsor issues an official notice which states the date of the Academy's closure.
 - a. We attempted to inspect the official notice to ODE that the school was closing, which should contain the board resolution. This notice was not provided by the Academy.

Initial Notifications, Student Records and School Records (Continued)

2. We inspected the formal letter from the Academy governing authority and the sponsor superintendent notifying parents that the Academy was closing. We noted that this letter was dated within 24 hours of the action, and included: the reason for the closing of the Academy, options for enrolling in another community school, traditional schools or nonpublic schools and contact information. We noted no exceptions.
3. We inspected the notice of closing sent to the Ohio State Teachers Retirement System and School Employees Retirement System. We noted no exceptions.
4. We inquired of the Sponsor if they took control of and secured all Academy records, property and assets immediately when the Academy closed.
 - a. We attempted to scan student records to determine if they were put in order and if transcript materials were produced.
 - b. We inspected the final FTE review by the Ohio Department of Education to determine that it was completed.
 - c. We inquired of the resident district(s) if copies of student records were provided by the community school, within seven business days of closure of the community school as defined in section 3314.44 of the revised code.
 - d. We inquired of the receiving school if special education records were provided for all students with disabilities.

Student file information was not maintained by the Academy. No student file information was provided to resident districts upon closure. We inspected the final FTE review without exception.

5. We attempted to inspect the written notice to the Academy's staff from the governing authority of the decision to close the Academy. This notice should include the following:
 - a. Provided a clear written timeline of the closing process;
 - b. Clarified COBRA benefits and when medical benefits end;
 - c. Reminded the faculty of their obligation to teach up to the date of closing or otherwise determine that the school is properly staffed up to the time of closing;
 - d. Provided sponsor contact information.

No written notice was provided to the Academy's staff.

6. We confirmed that the Academy was current with their payments to the following retirement systems:
 - a. State Teachers Retirement System (STRS) – No exceptions were noted.
 - b. State Employees Retirement System (SERS) – No exceptions were noted.

Disposition of Assets

1. We inquired if the governing authority retained the Treasurer or the Sponsor to oversee the remaining financial activity, and act as a receiver to oversee the closing of the financial records in the absence of a fiscal officer. The Treasurer and Sponsor were retained.
2. We inquired of the Academy and inspected the capital asset listing to determine if the Academy had any assets which had been purchased with federal dollars. No such assets were noted.
3. We inquired of the Academy if they received computer hardware or software from the former Ohio SchoolNet commission or the former eTech Ohio commission. The Academy had no such computer hardware or software.

Disposition of Assets (Continued)

4. We obtained and scanned documentation showing:
 - a. The fair market (initial and amortized) value established via the capital assets policy, for all capital assets;
 - b. The listing of purchasers of assets with proper USAS codes, the price of each item, and the source of funds;
 - c. The established disposition plan for any remaining items;The Academy had no capital assets.
5. We inquired to identify:
 - a. What staff will have legal authority for payment processes (e.g. checks, cash, credit cards, etc.);
 - b. Any State Facilities Commission guarantees.We noted no exceptions.
6. We inquired if the Academy had any real property acquired from a public school district. The Academy had no such property.
7. We inquired of the Academy and inspected the capital asset listing to determine if the Academy had any assets which had been purchased with National School Lunch Program federal dollars. The Academy had no such assets.
8. We scanned the Academy's expenditure ledger to determine if they utilize only state dollars, auction proceeds, foundation dollars and any other non-federal dollars to pay the following, in order:
 - a. Any outstanding federal or state claims that may need to be paid first including but not limited to including federal and state taxes, Medicare, Workers Compensation, and city wage taxes;
 - b. STRS/SERS/retirement systems and other adjustments;
 - c. Teachers and staff;
 - d. Private creditors or those entities that have secured a judgment against the Academy, including audit preparation and audit costs (prepared financials);
 - e. If the assets of the Academy are insufficient to pay all persons or entities to which compensation is owed, the prioritization of the distribution of the assets to individual persons or entities within each class of payees may be determined by decree of a court in accordance section 3314.074 and Chapter 1702 of the Ohio Revised Code.We noted no exceptions. In addition, no court order was noted in item e.
9. We inspected the liabilities related to items in step 8 to determine if they were disclosed either on the entities GAAP financial statements, or in the notes to the cash basis financial statements. We noted the liabilities relating to employee wages, audit preparation and audit costs were not disclosed in either the financial statements or in the notes to the cash basis financial statements.

Preparation of Itemized Financials

1. We scanned the following documents to determine such had been prepared:
 - a. Year-end financial statements, notes to the financial statements and if applicable schedule of federal awards;
 - b. A cash analysis (taking the previous month's recap and reconciliation of bank accounts to books) for determination of the cash balance as of the closing date;
 - c. Compile bank statements for the year;
 - d. List of investments in paper hard copy format
 - e. List of all payables and indicate when a check to pay the liability clears the bank;

Preparation of Itemized Financials (Continued)

- f. List all unused checks (collect and void all unused checks);
- g. List of any petty cash;
- h. List of bank accounts, closing the accounts once all transactions are cleared;
- i. List of all payroll reports including taxes, retirement or adjustments on employee contract.
- j. List of all accounts receivable.
- k. List of assets and their disposition.
- l. FTE review complete and submit a copy of the Certification Form signed at the FTE review.

We noted no exceptions.

Final Payments and Adjustments

1. The sponsor shall continually monitor the condition of the closed school and be prepared to receive or transmit funds on behalf of the Academy as directed by an appropriate agency. We inspected the Academy ledgers to determine that:
 - a. Any funds received or adjustments were credited to the account of the closed Academy;
 - b. Any portion of any funds received, or adjustments, were applied to satisfy any remaining debt as allowable;
 - c. Any funds remaining were sent to the Ohio Department of Education, Office of Policy and Payments, for final disposition.

We noted no exceptions.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Academy's compliance with the Ohio Department of Education's Close-Out Procedures. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, the Academy's sponsor, those charged with governance, and others within the Academy, and is not intended to be, and should not be used by anyone other than these specified parties.



Dave Yost
Auditor of State

Columbus, Ohio

April 6, 2015



Dave Yost • Auditor of State

BARNETT ACADEMY OF COLUMBUS EAST

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 12, 2015**